Saskatchewan Workers Compensation Board

Annual Report 2005

Pension Plan for the Employees of the Saskatchewan Workers' Compensation Board

106-05322/

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WCB Saskatchewan Workers Compensation Board

Her Honour, The Honourable Dr. Lynda M. Haverstock
Lieutenant Governor of the Province of Saskatchewan
Government House
4607 Dewdney Avenue
Regina, Saskatchewan
S4P 3V7

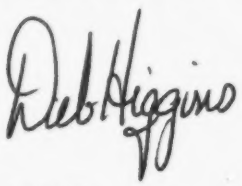
Dear Madam:

Letter of Transmittal

I have the honour to submit herewith the Annual Report of the Pension Plan for the Employees of the Saskatchewan Workers' Compensation Board for the year ending December 31, 2005.

I have the honour to be, Madam,

Your obedient servant,



Deb Higgins
Minister Responsible for the
Pension Plan for the Employees of the
Saskatchewan Workers' Compensation Board

WCB Saskatchewan Workers Compensation Board

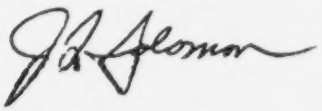
The Honourable Deb Higgins
Minister Responsible for the
Pension Plan for the Employees of the
Saskatchewan Workers' Compensation Board
Regina, Saskatchewan

Madam:

Letter of Transmittal

I have the honour to submit the Annual Report of the Pension Plan for the Employees of the Saskatchewan Workers' Compensation Board for the period January 1, 2005 to December 31, 2005.

Respectfully submitted,



John Solomon
Chairman
The Workers' Compensation Board

Pension Plan for the Employees of the Saskatchewan Workers' Compensation Board

Introduction

The primary purpose of the Plan is to provide pension benefits to employees in the event of retirement and secondarily in the event of termination of employment. The Plan also provides benefits to the dependents of deceased employees and superannuates in the event of death either prior, or subsequent, to retirement.

The Workers' Compensation Board is the Administrator of the Plan.

Operation of the Plan

This Plan is a Defined Benefit pension plan, which provide a benefit based on an employee's highest earnings during specified periods taking into consideration their total years of service to a maximum of 35 years. Currently employees who are contributing to the Plan make contributions at a rate of 7%, 8% or 9%, depending on their age when they entered the Plan. This contribution is offset by an amount equal to 1.8% of their pensionable earnings between the Year's Basic Exemption and Year's Maximum Pensionable Earnings as defined on an annual basis by the Canada Pension Plan.

Any deficiencies in the Plan are paid out of the revenues of the Workers' Compensation Board and are a charge thereon.

The following table below shows the number of active and retired employees in the Plan as of the current and prior year-ends:

	December 31, 2005	December 31, 2004
Active Employees	39	44
Inactive Members	2	2
Retired Employees *	55	50
Totals	**96**	**96**

*Includes Superannuates, plus their dependents that are now in receipt of a survivor pension.

Benefit Payments

During the Plan year, benefit payments are made in accordance with the Plan rules due to retirement of employees, termination of employment and death benefits – either due to death of an employee or a superannuate.

Contributions to the Plan

In accordance with the contribution schedules outlined above, employee contributions to the Plan during the year totaled $122,315. This compares to $134,006 for the previous fiscal year.

Retirement Summary

	December 31, 2005	December 31, 2004
Attained Age 65	-	-
Attained Age 60 – no reduction	2	-
Attained 35 years of Service	3	-
Age 55 and 30 years service – reduced pension	-	-
Ill Health Pensions	-	-
Deferred Allowances now Payable	-	-
Early Retirement Allowances	-	-
Totals	**5**	-

Death Benefit Summary

	December 31, 2005	December 31, 2004
Employee Survivor Pension	-	-
Superannuate Survivor Pension	1	-
Totals	**1**	-

Termination of Employment Summary

	December 31, 2005	December 31, 2004
Deferred Pension	-	-
Cash Refund	-	-
Reciprocal Transfer	-	-
Totals	-	-

Detailed listings of all transactions are included at the end of this report.

Investment Performance

The Workers' Compensation Board (Board) is responsible for holding in trust and investing the monies in the Plan. The Board has retained Greystone Capital Management Inc. to be the investment manager.

The investment manager makes the day-to-day decision of whether to buy or sell specific investments in order to achieve the long-term investment performances set out by the Board in their Investment Policy Statement for the Pension Plan for the Employees of the Saskatchewan Workers' Compensation Board. It is against these long-term investment performance objectives that the Board assesses the performance of the investment manager.

The Fund's long-term investment performance objective is to outperform a benchmark portfolio constructed as follows:

Asset Class	Market Index	Weight
Canadian	S&P/TSX Composite CPMS CAP 10 Index	25%
US	S&P 500 US Stock Index	12.5%
Non-North American	MSCI EAFE Index	12.5%
Fixed Income Bonds	SCM Universe Bond Index	45%
Short-Term Investments	91 Day Canadian Treasury Bill	5%
Total		**100%**

The objective of the Fund is to achieve a return that is equal to or greater than the return achieved from this benchmark portfolio over a rolling four-year period. The performance history of the Fund as of December 31, 2005 has been:

	1-Year Return	Rolling 4 Year Average
Fund's Return	12.8%	7.6%
Benchmark Return	10.6%	6.6%

Administration

The Public Employees Benefits Agency (PEBA) has responsibility for the operation, administration and management of several superannuation plans and other employee benefits programs. Administration of the Pension Plan for the Employees of the Saskatchewan Workers' Compensation Board is carried out in conjunction with similar plans administered by PEBA.

Changes to administrative processes will continue to be evaluated with the intent of identifying opportunities for improving customer service and becoming more responsive to the needs of the Board and the membership.

MANAGEMENT'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

Administration of the Plan is presently assigned to the Public Employees Benefits Agency of the Department of Finance. Management is responsible for financial administration, administration of the funds and managing of assets.

The financial statements, which follow, have been prepared by management in conformity with Canadian generally accepted accounting principles. Management uses internal controls and exercises its best judgment in order that the financial statements reflect fairly the financial position of the Plan.

The present value of annuities is determined by an actuarial valuation. Actuarial valuation reports require best estimate assumptions about future events which require approval by management.

The financial statements have been audited by Deloitte & Touche LLP, Chartered Accountants, whose report follows.

Brian Smith
Assistant Deputy Minister
Public Employees Benefits Agency

Ann Mackrill
Director, Pension Programs
Public Employees Benefits Agency

Kathy Morgan
Director, Financial Services
Public Employees Benefits Agency

Regina, Saskatchewan
February 23, 2006

ACTUARIES' OPINION

The Segal Company Ltd. was retained by the Saskatchewan Workers' Compensation Board (the Board) to perform actuarial valuations of the assets and liabilities of the Pension Plan for the Employees of the Saskatchewan Workers' Compensation Board (the Plan) on an accounting basis as at December 31, 2004 and an extrapolation to December 31, 2005, for inclusion in the Annual Report with respect to the Plan for the year ended December 31, 2005.

The valuation of the Plan's actuarial assets and liabilities were based on:

- Membership data provided by the Board as at December 31, 2004;
- Asset data provided by the Board as at December 31, 2005;
- Methods prescribed by the Canadian Institute of Chartered Accountants for pension plan financial statements; and
- Assumptions about future events (economic and demographic) that were developed by management and The Segal Company Ltd. and are considered as management's best estimate of these events.

While the actuarial assumptions used to estimate liabilities for the Plan's financial statements contained in the Annual Report represent management's best estimate of future events, and while in our opinion these assumptions are reasonable, the Plan's future experience will differ from the actuarial assumptions. Emerging experience differing from the assumptions will result in gains or losses that will be revealed in future valuations, and will affect the financial position of the Plan.

We have tested the data for reasonableness and consistency with prior valuations and in our opinion the data is sufficient and reliable for the purposes of the valuation. We also believe that the methods employed in the valuation and the assumptions used are, in aggregate, appropriate. Our opinions have been given and our valuation has been performed in accordance with accepted actuarial practice.

Phil Rivard, FSA, FCIA
The Segal Company Ltd.

February 23, 2006

PENSION PLAN FOR THE EMPLOYEES OF THE SASKATCHEWAN WORKERS' COMPENSATION BOARD

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2005

AUDITORS' REPORT

To the Members of the Legislative Assembly of Saskatchewan

We have audited the statement of net assets available for benefits, accrued pension benefits and surplus of the Pension Plan for the Employees of The Saskatchewan Workers' Compensation Board as at December 31, 2005 and the statements of changes in net assets available for benefits and changes in accrued pension benefits for the year then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the net assets available for benefits, accrued pension benefits and surplus of the Pension Plan for the Employees of The Saskatchewan Workers' Compensation Board as at December 31, 2005 and the changes in net assets available for benefits and changes in accrued pension benefits for the year then ended in accordance with Canadian generally accepted accounting principles.

Deloitte & Touche LLP.

Chartered Accountants

Regina, Saskatchewan
February 23, 2006

PENSION PLAN FOR THE EMPLOYEES OF THE SASKATCHEWAN WORKERS' COMPENSATION BOARD
STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS, ACCRUED PENSION BENEFITS AND SURPLUS

STATEMENT 1

As at December 31

	2005	2004
ASSETS		
Investments (Note 3)		
Short-term investments	$ 1,656,100	$ 902,975
Bonds and debentures	15,524,225	14,245,626
Equities	8,845,711	9,671,408
Pooled funds	9,483,138	7,712,612
	35,509,174	32,532,621
Receivables		
Accrued investment income	140,383	112,702
Other	591	490
	140,974	113,192
Due from General Revenue Fund (Note 4)	97,823	102,691
Cash	49,614	22,953
Total assets	35,797,585	32,771,457
LIABILITIES		
Administration expenses payable	13,376	14,449
Total liabilities	13,376	14,449
NET ASSETS AVAILABLE FOR BENEFITS (Statement 2)	35,784,209	32,757,008
Accrued pension benefits (Statement 3)	30,583,000	26,720,000
Surplus	$ 5,201,209	$ 6,037,008

(See accompanying notes to the financial statements)

On behalf of the Board:

Chairman

Board Member

Board Member

PENSION PLAN FOR THE EMPLOYEES OF THE SASKATCHEWAN WORKERS' COMPENSATION BOARD
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

STATEMENT 2

As at December 31

	2005	2004
INCREASE IN ASSETS		
Investment income		
Interest	$ 710,054	$ 664,150
Dividends – equities	143,933	147,594
Dividends – pooled funds	154,192	139,942
Other	1,651	1,834
	1,009,830	953,520
Increase in market values of investments	3,121,694	2,121,860
Contributions		
Employee	122,315	134,006
Total increase in assets	4,253,839	3,209,386
DECREASE IN ASSETS		
Administration expenses (Note 9)	110,604	105,020
Superannuation allowances	1,116,034	1,023,737
Total decrease in assets	1,226,638	1,128,757
Increase in net assets available for benefits	3,027,201	2,080,629
NET ASSETS AVAILABLE FOR BENEFITS, beginning of year	32,757,008	30,676,379
NET ASSETS AVAILABLE FOR BENEFITS, end of year (Statement 1)	$35,784,209	$32,757,008

(See accompanying notes to the financial statements)

PENSION PLAN FOR THE EMPLOYEES OF THE SASKATCHEWAN WORKERS' COMPENSATION BOARD
STATEMENT OF CHANGES IN ACCRUED PENSION BENEFITS

STATEMENT 3

As at December 31

	2005	2004
ACCRUED PENSION BENEFITS, beginning of year	$26,720,000	$25,162,000
INCREASE IN ACCRUED PENSION BENEFITS		
Interest accrued on benefits	1,597,000	1,568,000
Benefits accrued	452,000	431,000
Change in assumptions	3,054,000	583,000
	5,103,000	2,582,000
DECREASE IN ACCRUED PENSION BENEFITS		
Benefits paid	1,116,000	1,024,000
Experience gain	124,000	-
	1,240,000	1,024,000
ACCRUED PENSION BENEFITS, end of year (Statement 1)	$30,583,000	$26,720,000

(See accompanying notes to the financial statements)

PENSION PLAN FOR THE EMPLOYEES OF THE SASKATCHEWAN WORKERS' COMPENSATION BOARD
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2005

1. Description of the Plan

a) General

The Pension Plan for the Employees of The Saskatchewan Workers' Compensation Board (the Plan) is a defined benefit final average pension plan established under *The Workers' Compensation Board Pension Implementation Act*. This Plan replaces the Workers' Compensation Board Superannuation Plan (former plan). Membership is comprised of employees and board members who were enrolled in the former plan on October 1, 1977 and who did not elect to transfer to the Public Employees Pension Plan prior to October 1, 1978.

b) Administration

The Workers' Compensation Board administers the Plan. Day-to-day administration is provided by the Public Employees Benefits Agency. The Workers' Compensation Board has established a trust fund for the Plan and appointed RBC Dexia Investor Services as the Trustee.

c) Superannuation Plan

The Plan was established to accumulate contributions paid by employees and the employer, as well as any investment income.

Superannuation allowances and refunds of contributions together with interest are paid out of the Plan.

d) Funding Policy

Members contribute at the rate of 7%, 8% or 9% of salary depending on their age at the date of the commencement with the Plan.

The contributions required to be paid by the employer are calculated by applying a predetermined rate to the members' contributions.

e) Retirement

Normal retirement is at age 65. Members who retire may receive benefit payments earlier under the following conditions:

- at any age after 35 years of service,
- at age 60 with at least 20 years of service,
- at age 60 with between 15 years and 20 years of service with a reduced pension,
- at age 55 with at least 30 years of service with a reduced pension.

f) Pension

The lifetime annual pension payable to a member is 1.3% of the average salary received by the member during the five years of highest salary, multiplied by the total number of years of service. The maximum number of years of service is 35 years.

In addition, member's who retire prior to age 65 are entitled to receive a bridge to age 65 equal to 0.7% of the member's average salary up to the average pensionable earnings prescribed by the Canada Pension Plan in the last 5 years before retirement, multiplied by the number of years of service of the member since January 1, 1966 to a maximum of 35 years.

g) **Income Taxes**

The Plan is a registered pension plan as defined in *The Income Tax Act* and is not subject to income taxes. Superannuation allowances paid from the Plan are subject to source income tax deductions that are deducted by RBC Dexia Investor Services and remitted to Canada Revenue Agency.

2. Significant Accounting Policies

The financial statements are prepared in accordance with Canadian generally accepted accounting principles. The following accounting policies are considered significant.

Investments

i) Investments in bonds and equities are recorded at market values which are determined by reference to closing year end sale prices from recognized security dealers or, in the absence of recorded sales, by reference to closing year end bid and ask prices. Transactions for foreign investments are converted to current rate at the trade date and holdings at year end are converted at the rate in effect at year end.

ii) Pooled funds are valued based on the net asset value per unit of the underlying assets on the last valuation date.

iii) Short-term investments are recorded at market value.

Change in Market Value of Investments

i) The change in market value reflects the current year's realized and unrealized gains and losses on investments.

Investment Transactions and Income

i) Investment transactions are recorded on the trade date. Transactions conducted in foreign currencies are translated into Canadian dollars using the exchange rate in effect at the transaction date. Dividend income is recognized on the record date. Interest income is recorded as earned.

3. Investments

The investment objectives of the Plan are to ensure the Plan has sufficient assets to meet future pension obligations and to generate sufficient cash flow to meet superannuation payments. Due to the long-term horizon of the Plan's liabilities, the Plan takes a long-term investment perspective. The strategy employed to achieve these objectives is to invest cash flows from contributions, maturing debentures, and investment returns into assets such as Canadian equities, pooled funds, money market securities, and bonds.

a) **Interest Rate Risk**

Interest rate risk refers to the adverse consequences of interest rate changes on the Plan's cash flows, financial position and income. This risk arises from differences in the timing and amount of cash flows related to the Plan's assets and liabilities. Interest rate risk is managed by investing in fixed income investments with varying duration.

The value of the Plan's assets is affected by short-term changes in nominal interest rates and equity markets.

b) **Credit Risk**

Credit risk arises from the potential for an investee to fail or for an issuer to default on its contractual obligations to the Plan. The Plan limits the credit risk by dealing with issuers that are considered to be high quality. The credit ratings used to describe the securities below are based on the Dominion Bond Rating Service and/or Standard and Poor's Ratings Service.

c) **Market Risk**

The Plan invests in publicly traded equities and bonds. These securities are affected by market changes and fluctuations. The Plan manages market risk by investing in a well-diversified portfolio of asset classes.

d) **Foreign Currency Risk**

Foreign currency exposure arises from the Plan holding investments denominated in currencies other than the Canadian dollar. Fluctuations in the relative value of the Canadian dollar against these foreign currencies result in a positive or negative effect on the fair value of investments. The Plan manages this risk by restricting the foreign holdings to the limits established in its Statement of Investment Policy and Objectives. No more than 15% of the market value of the bond portfolio shall be invested in bonds denominated in currencies other than Canadian dollars.

Short-Term Investments

Short-term investments are comprised of T-Bills, notes and commercial paper with effective interest rates of 3.5% to 4.5% (2004 – 2.3% to 2.7%) and an average remaining term to maturity of 106 (2004 - 55) days. The Plan's investment policy states that investments must meet a minimum investment standard of "R-1" rating, as rated by a recognized credit rating service. Other than the Government of Canada no single issuer represents more than 34.1% of the market value (2004 – 28.0%) of the short-term investment portfolio.

Bonds

The Plan's investment policy states that bonds must meet a minimum quality standard of BBB as rated by a recognized credit rating service. No more than 15% of the bond portfolio may be invested in BBB rated bonds. As at December 31, 2005, the Plan held 0.92% (2004 – 1.01%) of its portfolio in BBB bonds.

	2005					
Years to Maturity	Federal	Provincial	Corporate	Total Market Value	Yield to Maturity at Market	Coupon Rate
Under 5	$5,235,134	$ 550,137	$1,163,944	$ 6,949,215	2.8-8.4%	2.8-9.0%
5 – 10	1,607,857	1,013,102	921,987	$ 3,542,946	3.8-6.1%	3.8-6.8%
Over 10	1,632,444	2,559,418	840,202	$ 5,032,064	4.0-6.1%	4.0-8.3%
Market Value	$8,475,435	$4,122,657	$2,926,133	$15,524,225		

	2004					
Years to Maturity	Federal	Provincial	Corporate	Total Market Value	Yield to Maturity at Market	Coupon Rate
Under 5	$4,042,731	$ 339,598	$1,139,889	$ 5,522,218	3.0-7.9%	3.0-9.0%
5 – 10	2,153,554	1,686,880	783,153	$ 4,623,587	3.8-6.1%	3.8-6.8%
Over 10	1,746,606	1,222,965	1,130,250	$ 4,099,821	4.9-6.4%	4.9-8.3%
Market Value	$7,942,891	$3,249,443	$3,053,292	$14,245,626		

Actual maturity may differ from contractual maturity because certain borrowers have the right to call or prepay certain obligations with or without call or prepayment penalties.

Canadian Equities

The Plan's equity investments are held as portfolio investments and are generally readily marketable. Investments are generally limited to stocks that are publicly traded on a recognized securities market. The Plan's equities include common shares that have no fixed maturity dates and are generally not directly exposed to interest rate risk. Dividends are generally declared on a quarterly basis. The average effective dividend rate is 1.55% (2004 – 1.57%).

The Plan's investment policy allows any single holding to represent no more than 10% of the market value of the related portfolio and any single holding to represent no more than 10% of the common stock in any corporation.

Pooled Funds

The Plan limits its investments in pooled equity funds to 10% of the market value of each fund. The Plan owns units in pooled equity funds which have no fixed interest rate and whose return is based on the success of the fund manager. Exceptions to the 10% limit are allowed if provision has been made to transfer securities in kind out of the pooled fund when assets are transferred out of the pooled fund.

The Plan's pooled funds are managed by Greystone Managed Investments Inc. and are comprised of the following:

	Units Held		% of Total Units Outstanding		Market Value		Investment Income and Change in Market Value	
	2005	2004	2005	2004	2005	2004	2005	2004
	(000's)				(000's)		(000's)	
Greystone EAFE Plus Fund	452	414	0.36	0.37	$4,566	$3,788	$500	$199
Greystone US Equity Fund	433	361	11.59	8.80	4,917	3,925	215	334
					$9,483	$7,713	$715	$533

4. Due from General Revenue Fund

The Plan's bank account is included in the Consolidated Offset Bank Concentration arrangement for the Government of Saskatchewan.

The Plan's earned interest is calculated and paid by the General Revenue Fund on a quarterly basis into the Plan's bank account using the Government's thirty day borrowing rate and the Plan's average daily bank account balance. The Government's average 30-day borrowing rate in 2005 was 2.57% (2004 – 2.20%).

5. Employer Contributions

The Workers' Compensation Board was required to take a holiday on employer contributions as the Plan has an excess actuarial surplus. This is required by Section 147.2 (2) of *The Income Tax Act*.

6. Obligations for Pension Benefits

The accrued benefit obligation is determined using the projected benefit method pro-rated on service and management's best estimate assumptions approved by the Workers' Compensation Board of expected plan investment performance, discount rate, salary escalation and retirement ages of employees. The most recent actuarial valuation was prepared as at January 1, 2005 and extrapolated to December 31, 2005 by The Segal Company, Ltd.

The assumptions used in determining the actuarial value of accrued pension benefits were:

	2005	2004
Discount rate	5.00%	6.00%
Expected long-term rate of return on plan assets	5.00%	6.00%
Salary escalation rate	1.00% for 2006; 3.25% thereafter	4.50%
Inflation rate	2.25%	3.00%

The accrued benefit obligation at December 31, 2005 is $30,583,000 (2004 - $26,720,000). It is based on a number of assumptions about future events including: discount rate, expected long-term rate of return on plan assets, rate of salary increase, mortality, retirement rates and inflation. The actual rates may vary significantly from the long-term assumptions used. Most of the impact from the change in assumptions is from reducing the discount rate assumption from 6.00% to 5.00%. The net experience gain is a result of COLA increases being greater than expected and retirement losses being more than offset by gains from lower than expected salary increases.

The accrued benefit obligation contains a provision for ad hoc increases as they are subject to approval by Order-in-Council. The ad hoc assumption is 50% of CPI based on previous year's experience. The Lieutenant Governor in Council may provide for supplementary allowances to be paid to superannuates in any year, in any amount and subject to any terms and conditions she considers advisable.

The following illustrates the effect of changing certain assumptions from assumed rates of: inflation 2.25%, salary 3.25%, discount rate 5.00% and post retirement indexing 1.125%.

	Long Term Assumptions							
	Inflation*		Salary		Discount Rate		Post Retirement Indexing	
	+ 1.0%	- 1.0%	+ 1.0%	- 1.0%	+ 1.0%	- 1.0%	+ 0.5%	- 0.5%
(Decrease) increase in liability	(4.7%)	5.9%	1.5%	(1.3%)	(10.6%)	13.6%	2.7%	(2.0%)

* A change in the inflation rate of 1% has a corresponding change in the discount rate of 1%, in the salary scale of 1% and in the post retirement indexing of 0.5%.

If there are insufficient moneys in the Plan to pay pension benefits, the Workers' Compensation Board is obligated to pay any such deficiency to the Plan.

7. Related Party Transactions

Included in these financial statements are transactions with various Saskatchewan Crown corporations, departments, agencies, boards and commissions related to the Plan by virtue of common influence by the Government of Saskatchewan.

Certain administration expenses are paid by the Plan to the Public Employees Benefits Agency Revolving Fund based upon agreed exchange amounts. The amount is identified in Note 9.

8. Investment Performance

The investment manager makes day-to-day decisions on whether to buy or sell investments in order to achieve the long-term performance objectives set by the Board. The Board reviews the investment performance of the plan in terms of the performance of the benchmark portfolio over 4 year rolling periods. The primary long-term investment performance objective for the entire portfolio is to outperform a benchmark portfolio.

The following is a summary of the Plan's investment performance:

	2005	Rolling Four Year Average Annual Return
Plan's actual rate of return (a)	12.8%	7.6%
Target rate of return (b)	10.6%	6.6%

(a) The annual returns are before deducting investment expenses.

(b) The Plan's target rate of return for its investment portfolio (return on the benchmark portfolio) has been determined using the actual returns of the market indexes such as the Toronto Stock Exchange 300 capped 10% Index, Morgan Stanley Capital International Europe Australia Far East Index and the Scotia Capital Markets Universe Bond Index.

9. Administration Expenses

	2005		2004
	Budget	Actual	Actual
Administration - PEBA Revolving Fund	$50,900	$ 31,231	$ 32,012
Custodian fees – RBC Dexia Investors Services	-	29,511	27,250
Investment management fees - Greystone	-	49,862	45,758
	$50,900	$110,604	$105,020

10. Fair Value of Financial Assets and Financial Liabilities

The pension liability is long term in nature and there is no market for settling these pension obligations. Therefore, determination of the fair value of the pension liability is not practical (Note 6).

The following method and assumptions were used to estimate the fair value of each class of financial assets and financial liabilities:

Fair values of investments are considered to be market values (Note 3).

For the following financial instruments the carrying amounts approximate fair value due to the immediate or short-term nature of these financial assets and financial liabilities.

a) accrued investment income
b) other receivables
c) due from General Revenue Fund
d) administration expenses payable

SCHEDULE OF INVESTMENTS (Unaudited) **EXHIBIT 1**

DECEMBER 31, 2005

Security	Par Value	Market Value
Bonds and Debentures		
Government of Canada	$ 8,217,000	$ 8,475,435
Alberta Capital Finance Authority	259,000	263,310
Alberta Municipal Finance Authority	30,000	33,004
Province of British Columbia	385,000	464,157
Province of Manitoba	397,000	445,758
Province of New Brunswick	286,000	298,799
Province of Nova Scotia	237,000	267,090
Province of Ontario	955,000	1,110,088
Province of Quebec	610,000	683,112
Quebec Finance Corporation	202,000	218,548
Province of Saskatchewan	209,000	260,542
55 School Board Trust	66,000	78,249
Aeroports De Montreal	34,000	40,333
Alliance Pipeline LP	83,399	100,483
Bank of Montreal	140,000	143,228
Bank of Nova Scotia	194,000	194,984
BC Ferry Services Inc	61,000	66,142
BCE Incorporated	52,000	54,185
Borealis Infrastructure Trust	112,000	122,203
Canadian Imperial Bank of Commerce	43,000	42,053
Cards II Trust	109,000	107,435
Citigroup Finance Canada Inc	48,000	47,229
Column Canada Issuer Corporation	47,000	50,396
Epcor Utilities Inc	32,000	33,314
Falcon Trust Comm Mortgage	46,000	45,706
Fortisalberta Inc	44,000	51,347
GE Capital Canada Funding Company	41,000	43,124
Genesis Trust	83,000	82,432
Glacier Credit Card Trust	105,000	105,844
Golden Credit Card Trust	114,000	114,129
Greater Toronto Airports Authority	67,000	68,590
HSBC Financial Corp Ltd	46,000	45,392
Hydro One Inc	44,000	47,818
Investors Group Inc	93,000	103,416
Loblaw Companies Limited	42,000	45,710
Manitoba Telecom Services	60,000	61,620
Merrill Lynch Canada Finance Company	60,000	60,831
Merrill Lynch Financial Assets	119,000	128,693
Merrill Lynch Mtge Loans Inc	65,000	71,298
N-45 Degrees 1st CMBS ISS Corp	39,000	41,808

SCHEDULE OF INVESTMENTS (Unaudited) (continued)

DECEMBER 31, 2005

Security	Par Value	Market Value
National Bank of Canada	$ 90,000	$ 90,253
Ontrea Inc	110,000	119,574
Royal Bank of Canada	206,000	216,620
Toronto Dominion Bank	61,000	62,168
TransCanada Pipelines Ltd	58,000	79,875
Wells Fargo Financial Canada Corporation	50,000	50,943
York Receivables Trust	105,000	105,431
407 ETR International	76,000	81,526
	$14,632,399	$15,524,225
Canadian Equities		
Alimentation Couche-Tard Inc	$	$ 113,490
ATI Technologies Inc		99,792
Bank of Nova Scotia		535,224
Barrick Gold Corp		130,936
Brookfield Asset Management		181,691
Cameco Corp		272,285
Canadian Imperial Bank of Commerce		309,308
Canadian National Railway		370,232
Canadian Natural Resources Ltd		316,274
CGI Group Inc		88,424
Dorel Industries Inc		16,854
Encana Corporation		447,286
Ensign Energy Services Inc		2,346
Falconbridge Ltd		232,392
Finning International Inc		135,190
Goldcorp Inc		142,450
Home Capital Group Inc		63,940
Husky Energy Inc		171,100
Loblaw Companies Ltd		112,740
MacDonald Dettwiler & Associates		114,000
Magna International Inc		73,920
Manulife Financial Corp		507,929
National Bank of Canada		177,642
Potash Corporation of Saskatchewan		163,856
Power Corp of Canada		380,553
Power Financial Corp		93,520
Precision Drilling Corporation		178,467
Research in Motion		222,575
Rogers Communications Inc		215,004
Rona Inc		120,549
Royal Bank of Canada		548,492
Saputo Inc.		34,670

SCHEDULE OF INVESTMENTS (Unaudited) (continued)

DECEMBER 31, 2005

Security	Par Value	Market Value
Shoppers Drug Mart Corporation	$	$ 329,850
SNC-Lavalin Group Inc		180,831
Suncor Energy Inc		353,769
Talisman Energy Inc		405,944
Teck Cominco Ltd		272,400
Telus Corporation (Non-voting)		340,224
TransCanada Corporation		179,585
Trican Well Services Co Ltd		61,600
West Fraser Timber Co Ltd		68,013
Westjet Airlines Ltd		80,364
		8,845,711
Pooled Funds		
Greystone EAFE Plus Fund		4,566,456
Greystone United States Equity Fund		4,916,682
		9,483,138
	$14,632,399	$33,853,074

Summary	Par Value	Market Value
Bonds and Debentures		
Government of Canada & Guarantees	$ 8,217,000	$ 8,475,435
Provincials and Guarantees	3,636,000	4,122,657
Corporate Bonds	2,779,399	2,926,133
	$14,632,399	$15,524,225
Canadian Equities		8,845,711
Pooled Funds		9,483,138
Total Long Term Investments	$14,632,399	$33,853,074
Short Term Investments	1,682,000	1,656,100
	$16,314,399	$35,509,174

SCHEDULE OF INVESTMENT DISPOSITIONS (unaudited) EXHIBIT 2

YEAR ENDED DECEMBER 31, 2005

Security	Maturity Date	Interest Rate	Proceeds
Government of Canada	June 1, 2006	3.00%	$ 1,070,459
Government of Canada	December 1, 2006	3.25%	4,536,175
Government of Canada	June 1, 2007	3.00%	8,829,079
Government of Canada	September 1, 2009	4.25%	3,315,558
Government of Canada	September 1, 2010	4.00%	1,592,280
Government of Canada	June 1, 2014	5.00%	4,668,945
Government of Canada	June 1, 2015	4.50%	4,368,063
Government of Canada	June 1, 2016	4.00%	69,871
Government of Canada	June 1, 2033	5.75%	5,330,194
Canada Housing Trust	March 15, 2010	Floating	150,075
Canada Housing Trust	March 15, 2010	3.75%	1,186,380
Canada Housing Trust	September 15, 2010	Floating 2.875%	1,149,907
Alberta Capital Finance Authority	December 2, 2013	5.00%	138,125
Province of British Columbia	August 23, 2010	6.375%	185,054
Province of British Columbia	January 9, 2012	5.75%	178,252
Province of British Columbia	August 23, 2013	8.50%	259,354
Province of British Columbia	June 18, 2014	5.30%	105,502
Province of British Columbia	June 18, 2035	5.40%	77,536
Province of Manitoba	December 3, 2013	5.05%	131,337
Province of New Brunswick	December 6, 2012	5.875%	111,193
Province of New Brunswick	January 18, 2013	9.25%	73,819
Province of Newfoundland	October 17, 2035	5.70%	70,792
Province of Nova Scotia	September 1, 2010	6.40%	133,824
Province of Nova Scotia	June 1, 2011	6.25%	78,844
Province of Ontario	October 1, 2008	Floating	418,774
Province of Ontario	December 1, 2008	5.70%	112,540
Province of Ontario	November 19, 2010	6.10%	156,000
Province of Ontario	December 2, 2011	6.10%	156,107
Province of Ontario	December 2, 2012	5.375%	156,619
Province of Ontario	March 8, 2014	5.00%	245,725
Province of Ontario	March 8, 2015	4.50%	203,406
Province of Ontario	June 2, 2020	4.85%	72,293
Province of Ontario	March 8, 2033	5.85%	288,800
Province of Ontario	June 2, 2035	5.60%	76,849
Province of Quebec	June 1, 2009	5.50%	122,424
Province of Quebec	December 1, 2010	6.25%	133,921
Province of Quebec	August 6, 2011	Floating	443,340
Province of Quebec	October 1, 2012	6.00%	135,290
Province of Quebec	October 1, 2013	5.25%	395,189
Province of Quebec	December 1, 2014	5.50%	245,579

SCHEDULE OF INVESTMENT DISPOSITIONS (Unaudited) (continued)

YEAR ENDED DECEMBER 31, 2005

Security	Maturity Date	Interest Rate	Proceeds
Province of Quebec	December 1, 2036	5.75%	$ 70,618
Province of Saskatchewan	March 5, 2029	5.75%	59,877
Aeroports de Montreal	October 11, 2033	6.611%	19,600
Alliance Pipeline LP	June 30, 2023	7.181%	4,112
Bank of Nova Scotia	February 18, 2010	3.93%	98,129
BC Ferry Services Inc	October 13, 2034	6.25%	45,756
BMO Capital Trust	December 31, 2049	5.474%	62,171
Canadian Imperial Bank of Commerce	December 22, 2014	4.75%	60,006
Canadian Imperial Bank of Commerce	September 9, 2015	3.75%	21,444
Canadian Tire Corporation	February 24, 2034	6.32%	33,184
Cards II Trust	October 15, 2009	4.379%	53,201
CDP Financial	July 14, 2008	4.200%	54,406
Citigroup Finance Canada Inc	August 5, 2008	4.30%	34,772
Falcon Trust Comm Mortgage	January 15, 2011	5.15%	390
GE Capital Canada Funding Co	July 24, 2007	5.30%	62,181
GE Capital Canada Funding Co	June 7, 2010	3.65%	66,988
Genesis Trust	March 15, 2010	4.002%	55,098
Glouster Credit Card Trust	June 15, 2007	5.59%	110,189
Glouster Credit Card Trust	May 15, 2008	4.716%	75,027
Greater Toronto Airports Authority	December 3, 2007	5.95%	70,891
Greater Toronto Airports Authority	February 2, 2034	6.47%	49,373
Household Finance Corp Ltd	April 13, 2009	4.20%	23,324
HSBC Financial Corp Ltd	May 3, 2010	4.00%	49,629
Hydro One Inc	June 23, 2008	4.00%	66,432
Loblaw Companies Ltd	June 9, 2034	6.05%	25,579
Merrill Lynch Financial Assets	June 12, 2035	5.245%	26,125
National Bank of Canada	December 22, 2019	4.926%	44,720
Royal Bank of Canada	June 1, 2014	Floating	22,301
Royal Bank of Canada	November 4, 2018	Floating 5.45%	61,888
Royal Bank of Canada	June 18, 2099	5.95%	34,072
Scotiabank Capital Trust	June 30, 2052	6.626%	124,180
Toronto Dominion Bank	September 5, 2013	4.54%	97,870
Toronto Dominion Bank	June 3, 2018	5.69%	89,794
Alcan Inc	Canadian Equity	-	217,009
ATI Technologies Inc	Canadian Equity	-	31,546
Bank of Montreal	Canadian Equity	-	321,421
Bank of Nova Scotia	Canadian Equity	-	193,823
Barrick Gold Corp	Canadian Equity	-	47,175
Brascan Corp	Canadian Equity	-	144,798
Cameco Corp	Canadian Equity	-	226,717
Canadian Imperial Bank of Commerce	Canadian Equity	-	101,752

SCHEDULE OF INVESTMENT DISPOSITIONS (Unaudited) (continued)

YEAR ENDED DECEMBER 31, 2005

Security	Maturity Date	Interest Rate	Proceeds
Canadian National Railway	Canadian Equity	-	$ 92,017
Canadian Natural Resources Ltd	Canadian Equity	-	333,160
CGI Group Inc	Canadian Equity	-	25,761
Cott Corp	Canadian Equity	-	99,512
Dorel Industries Inc	Canadian Equity	-	11,660
Encana Corp	Canadian Equity	-	217,869
Ensign Energy Services Inc	Canadian Equity	-	2,315
Falconbridge Ltd	Canadian Equity	-	250,869
Finning International Inc	Canadian Equity	-	49,398
Forzani Group Ltd	Canadian Equity	-	35,527
Loblaw Companies Ltd	Canadian Equity	-	62,024
Macdonald Dettwiler & Associates	Canadian Equity	-	6,469
Magna International Inc	Canadian Equity	-	94,856
Manulife Financial Corp	Canadian Equity	-	150,366
Masonite International Group	Canadian Equity	-	190,730
Meridian Gold Inc	Canadian Equity	-	121,657
National Bank of Canada	Canadian Equity	-	56,806
Noranda Inc	Canadian Equity	-	146,979
Nortel Networks Corp	Canadian Equity	-	158,120
Novelis Inc	Canadian Equity	-	25,559
Open Text Corp	Canadian Equity	-	82,023
Patheon Inc	Canadian Equity	-	11,516
Petro-Canada	Canadian Equity	-	152,388
Potash Corporation of Saskatchewan	Canadian Equity	-	154,561
Power Corp of Canada	Canadian Equity	-	142,041
Power Financial Corp	Canadian Equity	-	59,275
Precision Drilling Corporation	Canadian Equity	-	373,783
QLT Inc	Canadian Equity	-	61,503
Research in Motion	Canadian Equity	-	62,380
Rogers Communication Inc	Canadian Equity	-	64,849
Rona Inc	Canadian Equity	-	43,069
Royal Bank of Canada	Canadian Equity	-	147,340
Saputo Inc	Canadian Equity	-	64,078
Shoppers Drug Mart Corporation	Canadian Equity	-	90,664
SNC-Lavalin Group Inc	Canadian Equity	-	150,011
Stratos Global Corp	Canadian Equity	-	40,211
Suncor Energy Inc	Canadian Equity	-	111,146
Talisman Energy Inc	Canadian Equity	-	145,547
Teck Cominco Ltd	Canadian Equity	-	102,506
Telus Corporation	Canadian Equity	-	14,472
Telus Corporation (non voting)	Canadian Equity	-	96,021

SCHEDULE OF INVESTMENT DISPOSITIONS (Unaudited) (continued)

YEAR ENDED DECEMBER 31, 2005

Security	Maturity Date	Interest Rate	Proceeds
TransCanada Corporation	Canadian Equity	-	$ 45,542
Tundra Semiconductor Corp	Canadian Equity	-	25,858
West Fraser Timber Co Ltd	Canadian Equity	-	14,030
West Fraser Timber Co Ltd (receipts)	Canadian Equity	-	75,605
Westjet Airlines Ltd	Canadian Equity	-	24,509
Weatherford International Ltd	Foreign Equity	-	74,180
Greystone US Equity Fund	Pooled Fund	-	85,000.00
			$48,876,804

SCHEDULE OF INVESTMENT PURCHASES (Unaudited)

EXHIBIT 3

YEAR ENDED DECEMBER 31, 2005

Security	Maturity Date	Interest Rate	Par Value	Cost
Government of Canada	December 1, 2006	3.25%	$ 2,696,000	$ 2,866,048
Government of Canada	June 1, 2007	3.00%	9,525,000	9,515,007
Government of Canada	December 1, 2007	2.75%	1,635,000	1,604,690
Government of Canada	September 1, 2009	4.25%	1,945,000	2,003,318
Government of Canada	September 1, 2010	4.00%	3,252,000	3,316,945
Government of Canada	June 1, 2014	5.00%	3,464,000	3,661,580
Government of Canada	June 1, 2015	4.50%	4,563,000	4,762,171
Government of Canada	June 1, 2016	4.00%	282,000	277,164
Government of Canada	June 1, 2033	5.75%	3,402,000	4,095,476
Government of Canada	June 1, 2037	5.00%	618,000	710,249
Canada Housing Trust	September 15, 2007	5.10%	831,000	854,334
Canada Housing Trust	March 15, 2010	Floating 2.885%	154,000	304,259
Canada Housing Trust	September 15, 2010	Floating 2.875%	1,429,000	1,430,560
Canada Housing Trust	March 15, 2011	4.05%	1,220,000	1,217,438
Alberta Capital Finance Authority	December 15, 2011	4.435%	118,000	120,266
Alberta Capital Finance Authority	December 15, 2025	4.45%	141,000	140,740
Alberta Municipal Finance Authority	June 1, 2012	5.85%	30,000	33,330
Province of British Columbia	August 23, 2010	6.375%	75,000	84,239
Province of British Columbia	August 23, 2013	8.500%	197,000	256,207
Province of British Columbia	June 18, 2014	5.30%	183,000	201,240
Province of British Columbia	September 8, 2023	8.00%	105,000	148,364
Province of British Columbia	June 18, 2035	5.40%	70,000	74,070
Province of Manitoba	December 3, 2015	5.20%	92,000	101,079
Province of Manitoba	November 15, 2018	5.50%	141,000	155,368
Province of Manitoba	March 5, 2037	5.70%	83,000	96,682
Province of New Brunswick	June 15, 2010	6.375%	101,000	112,383
Province of New Brunswick	January 18, 2013	9.25%	55,000	73,032
Province of New Brunswick	February 4, 2015	4.50%	185,000	186,077
Province of Nova Scotia	September 1, 2010	6.40%	166,000	187,480
Province of Nova Scotia	June 1, 2011	6.25%	70,000	77,754
Province of Nova Scotia	June 1, 2033	5.80%	71,000	76,903
Province of Ontario	October 1, 2008	Floating	418,000	418,845
Province of Ontario	December 1, 2008	5.70%	25,000	26,810
Province of Ontario	December 2, 2012	5.375%	145,000	155,356
Province of Ontario	March 8, 2014	5.00%	169,000	178,286
Province of Ontario	March 8, 2015	4.50%	289,000	294,960
Province of Ontario	June 2, 2018	5.50%	45,000	47,935
Province of Ontario	June 2, 2020	4.85%	183,000	185,740
Province of Ontario	March 8, 2029	6.50%	100,000	117,640
Province of Ontario	June 2, 2031	6.20%	141,000	170,427

SCHEDULE OF INVESTMENT PURCHASES (Unaudited) (continued)

YEAR ENDED DECEMBER 31, 2005

Security	Maturity Date	Interest Rate	Par Value	Cost
Province of Ontario	March 8, 2033	5.85%	$ 75,000	$ 80,266
Province of Ontario	June 2, 2035	5.60%	339,000	361,869
Province of Quebec	June 1, 2009	5.50%	124,000	133,523
Province of Quebec	December 1, 2010	6.25%	119,000	131,736
Province of Quebec	August 6, 2011	Floating	443,000	443,421
Province of Quebec	October 1, 2013	5.25%	208,000	218,687
Province of Quebec	December 1, 2014	5.50%	230,000	245,874
Province of Quebec	January 12, 2015	5.00%	129,000	133,644
Province of Quebec	December 1, 2036	5.75%	207,000	229,790
Quebec Finance Corp	December 1, 2011	5.25%	51,000	53,866
Province of Saskatchewan	September 5, 2031	6.40%	47,000	59,055
Province of Saskatchewan	March 5, 2037	5.00%	44,000	43,837
Alliance Pipeline LLP	June 30, 2023	7.181%	12,000	14,376
Bank of Montreal	April 22, 2020	Floating 4.87%	77,000	76,952
Bank of Nova Scotia	February 18, 2010	3.93%	224,000	224,725
Bank of Nova Scotia	July 22, 2013	5.65%	67,000	70,184
Canadian Imperial Bank of Commerce	December 22, 2014	4.75%	59,000	58,849
Canadian Imperial Bank of Commerce	September 9, 2015	3.75%	65,000	64,712
Cards II Trust	October 15, 2010	3.869%	109,000	109,000
Citigroup Finance Canada Inc	September 22, 2008	3.49%	48,000	47,999
Epcor Utilities Inc	November 16, 2035	5.65%	32,000	31,867
GE Capital Canada Funding Company	October 23, 2009	5.65%	41,000	43,876
GE Capital Canada Funding Company	June 7, 2010	3.65%	67,000	66,869
Genesis Trust	March 15, 2010	4.002%	138,000	137,814
Greater Toronto Airports Authority	June 2, 2008	5.17%	67,000	70,023
HSBC Financial Corp Ltd	May 3, 2010	4.00%	95,000	95,408
National Bank of Canada	November 2, 2020	Floating 4.70%	90,000	89,728
Royal Bank of Canada	January 20, 2014	5.00%	113,000	117,068
Toronto Dominion Bank	October 30, 2015	4.97%	61,000	60,967
Alcan Inc	Canadian Equity	-		72,488
Alimentati0n Couche-Tard Inc	Canadian Equity	-		101,351
ATI Technologies Inc	Canadian Equity	-		47,238
Bank of Nova Scotia	Canadian Equity	-		13,830
Barrick Gold Corp	Canadian Equity	-		3,280
Brascan Corp	Canadian Equity	-		144,798
Brookfield Asset Management	Canadian Equity	-		161,563
Canadian Imperial Bank of Commerce	Canadian Equity	-		7,595
Canadian National Railway	Canadian Equity	-		99,241
Canadian Natural Resources Ltd	Canadian Equity	-		11,586
CGI Group Inc	Canadian Equity	-		3,481
Encana Corp	Canadian Equity	-		73,573

SCHEDULE OF INVESTMENT PURCHASES (Unaudited) (continued)

YEAR ENDED DECEMBER 31, 2005

Security	Maturity Date	Interest Rate	Par Value	Cost
Ensign Energy Services Inc	Canadian Equity	-	$	$ 3,969
Falconbridge Ltd	Canadian Equity	-		194,116
Finning International Inc	Canadian Equity	-		3,820
Goldcorp Inc	Canadian Equity	-		121,659
Home Captial Group Inc	Canadian Equity	-		70,278
Husky Energy Inc	Canadian Equity	-		160,244
MacDonald Dettwiler & Associates	Canadian Equity	-		8,582
Manulife Financial Corp	Canadian Equity	-		82,821
National Bank of Canada	Canadian Equity	-		5,983
Noranda Inc	Canadian Equity	-		146,976
Novelis Inc	Canadian Equity	-		23,965
Power Corp of Canada	Canadian Equity	-		12,168
Precision Drilling Corporation	Canadian Equity	-		184,191
Research in Motion	Canadian Equity	-		167,427
Rogers Communications Inc	Canadian Equity	-		24,283
Rona Inc	Canadian Equity	-		14,286
Royal Bank of Canada	Canadian Equity	-		197,091
Shoppers Drug Mart Corporation	Canadian Equity	-		81,121
Suncor Energy Inc	Canadian Equity	-		130,736
Talisman Energy Inc	Canadian Equity	-		12,001
Teck Cominco Ltd	Canadian Equity	-		26,670
Telus Corporation (Non-voting)	Canadian Equity	-		184,945
Trican Well Services Co Ltd	Canadian Equity	-		44,169
West Fraser Timber Co Ltd	Canadian Equity	-		93,619
Westjet Airlines Ltd	Canadian Equity	-		17,825
Weatherford International Ltd	Foreign Equity	-		73,941
Greystone EAFE Plus Fund	Pooled Fund	-		378,885
Greystone United States Equity Fund	Pooled Fund	-		916,307
			$41,795,000	$47,978,539